
Section 3

Contractor, Subcontractor and Subrecipient Package



Maine State Housing Authority
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Dated July 1, 2021, as updated June 13, 2022

Effective for projects receiving assistance or for which funds are committed on or after November 30, 2020

These forms are part of the MaineHousing Section 3 Policies and Procedures Package. They should be completed by all vendors, contractors and service providers who have a contract with a PHA that is subject to Section 3 requirements per 24 CFR Part 75 or who are proposing to perform work funded by any HUD programs that trigger Section 3 compliance.

These forms should be submitted and any questions directed to MaineHousing's Section 3 Housing and Community Development Financial Assistance Coordinator:

Name: Mitchell Eden
Title: Multifamily Loan Officer
E-mail: meden@mainehousing.org

GENERAL GUIDANCE AND DEFINITIONS

Section 3 of the Housing and Urban Development Act of 1968 (codified at 12 U.S.C. 1701u and implemented at 24 CFR Part 75, hereinafter, "Section 3"), as amended, requires that economic opportunities, most importantly employment, generated by certain U.S. Department of Housing and Urban Development ("HUD") financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, or residents of the community in which the Federal assistance is spent.

A link to training on Section 3 follows: [Understanding Section 3 Training Curriculum - HUD Exchange](#)

HUD has established a portal at <https://hudapps.hud.gov/OpportunityPortal> that is intended to help workers take advantage of Section 3 opportunities and for businesses to meet their Section 3 obligations for employment and contracting. Section 3 Workers may use the site to search for jobs or post their profile/employment history for companies to search. Employers may use the site for posting opportunities or business(es) or search for workers to fill positions.

Definitions of key terms:

Section 3 worker means:

- (1) Any worker who currently fits or when hired within the past five years (time period only goes back to the 24 CFR 75 effective date of 11-30-2020) fit at least one of the following categories, as documented:
 - (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
 - (ii) The worker is employed by a Section 3 business concern.
 - (iii) The worker is a YouthBuild participant.
- (2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.
- (3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

Targeted Section 3 worker means:

A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is:

- (1) A worker employed by a Section 3 business concern; or
- (2) A worker who currently fits or when hired five years (time period only goes back to the 24 CFR 75 effective date of 11-30-2020) fit at least one of the following categories, as documented within the past five years:
 - (i) Living within the service area or the neighborhood of the project, as defined in § 75.5; or
 - (ii) A YouthBuild participant.

Section 3 business concern means:

- (1) A business concern meeting at least one of the following criteria, documented within the last six- month period:
 - (i) It is at least 51 percent owned and controlled by low- or very low-income persons;
 - (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
 - (iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- (2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

YouthBuild programs refer to YouthBuild programs receiving assistance under the Workforce Innovation and

Opportunity Act (29 U.S.C. 3226). YouthBuild is a community-based pre-apprenticeship program that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of high school. The Division of Youth Services within the Employment and Training Administration's Office of Workforce Investment at the U.S. Department of Labor administers the YouthBuild program. Each year, more than 6,000 youth participate in approximately 210 YouthBuild programs in more than 40 states. More information can be found here: <https://www.dol.gov/agencies/eta/youth/youthbuild>.

FORMS

Form 1 - Section 3 workers and Targeted Section 3 workers who are seeking preference in training and employment must submit the Section 3 Worker and Targeted Section 3 Worker Certification Form that is attached as Form 1. The worker must complete the self-certification, with attached income schedule for the relevant service area or project neighborhood and submit it to MaineHousing and to the relevant contractor, subcontractor or other subrecipient.

Form 2 - Businesses may demonstrate eligibility as Section 3 Business Concerns by submitting the Section 3 Business Concern self-certification that is attached as Form 2.

Form 3 - A certification of Section 3 compliance by contractors and other subrecipients, with attached required Section 3 contract clause.

Form 4 - Form 4 – A list of the parties involved in a project, to be completed by the contractor or other subrecipient and submitted to MaineHousing.

Form 5 –

A, For Section 3 covered contracts, contractors must submit to MaineHousing’s Section 3 Coordinator on a monthly basis Section A of the summary attached as Form 5 of Section 3 worker and Targeted Section 3 worker hours per pay period. If, at the completion of the Section 3 project, the Section 3 Benchmarks are not reached by the contractors, each must complete the “Additional Reporting” attached to Form 5.

B. At project completion, contractors must submit to MaineHousing’s Section 3 Coordinator Section B of the summary attached as Form 5 of Section 3 worker and Targeted Section 3 worker cumulative hours per project/program year, and attached additional reporting if Section 3 Benchmarks are not reached.

In most instances, it is MaineHousing’s expectation that reporting for all subcontractors will be provided in consolidated form by the contractor. Where the project owner is contracting directly with construction professionals who would otherwise be subcontractors, MaineHousing anticipates that reporting will be provided by the owner unless MaineHousing approves an alternative arrangement.

Section 3 Worker Certification

Employee Name

Project Name

Employee's Address

City

State

Zip

Section 3 worker means (24 CFR 75.5):

(1) Any worker who currently fits or when hired within the past five years (time period only goes back to the 24 CFR 75 effective date of 11-30-2020) fit at least one of the following categories, as documented:

- (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD and shown on the attached grid by area of Maine.
- (ii) The worker is employed by a Section 3 business concern.
- (iii) The worker is a YouthBuild participant.
- (iv) The worker participates in a means-tested program such as public housing or Section 8-assisted housing.

(2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

(3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

By signing this document, I certify that I am a Section 3 worker because I fit into one or more category listed above.

Signature

Date

2022 Maine Income Limits

County (Area)	Eligible Income Level Set by HUD for 1 Person (80% of area median income)
Lewiston-Auburn MSA	\$44,600
Aroostook County	\$40,100
Cumberland HMFA	\$49,200
Portland HMFA	\$62,550
Franklin County	\$40,100
Hancock County	\$45,000
Kennebec County	\$44,950
Knox County	\$44,100
Lincoln County	\$45,100
Oxford County	\$40,100
Penobscot County	\$40,100
Bangor HMFA	\$45,550
Piscataquis County	\$40,100
Sagadahoc HMFA	\$48,950
Somerset County	\$40,100
Waldo County	\$40,400
Washington County	\$40,100
York HMFA	\$51,350
York-Kittery-So. Berwick HMFA	\$62,600

Maine State Housing Authority

SECTION 3 CERTIFICATION

PURPOSE, AUTHORITY AND RESPONSIBILITY

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that promotes local economic development and individual self-sufficiency.

Section 3 requires that, to the greatest extent possible, economic opportunities that are generated by the use of Federal funds be made available to low- and very low-income persons, particularly those who receive Federal financial assistance for housing and those residing in communities where the financial assistance is expended. Section 3 established benchmark goals for (a) 25% of total labor hours worked by Section 3 workers; and (b) 5% of total labor hours worked by Targeted Section 3 workers.

_____ (hereinafter called the Subrecipient/Contractor) hereby **CERTIFIES** that upon being awarded a contract to participate in the following HUD-funded project:

_____ (the "Project") located in _____ (city or town) in _____ (county), that the Subrecipient/Contractor:

- (a) is under no contractual or other impediment that would prevent it from complying with requirements of Section 3 as set forth in 24 CFR part 75; and
- (b) will comply with HUD's regulations in 24 CFR Part 75; and
- (c) will submit to Maine State Housing Authority (MaineHousing) appropriate Section 3 documentation of total labor hours performed per contractor/subcontractor, certifications of Section 3 workers, and confirmation of Section 3 business concerns and YouthBuild participants; and
- (d) will include the Section 3 Clause and this Section 3 Certification of Compliance in every subcontract, and further agrees to take the appropriate action pursuant to those regulations in the event the contractor/subcontractor is found to be in violation of 24 CFR Part 75; and
- (e) will not contract/subcontract with any contractor/subcontractor where the Subrecipient/Contractor has notice or knowledge that the contractor/subcontractor has been found in violation of any provision of 24 CFR Part 75.

By: _____
Authorized Representative's Signature

Name and Title: _____

Date: _____

Section 3 Clause
(Must be included in contracts with all contractors, subcontractors
& lower-tier subcontractors).

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C § 1701u (section 3), contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who receive Federal financial assistance for housing and those residing in communities where the financial assistance is expended.

- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.

- C. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.

Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts

Parties Involved Form

Project Name: _____
Project Address: _____

Owner Name	
Contact Name	
Email Address	
Address	
City, State, Zip	
Phone	

Developer	
Contact Name	
Email Address	
Address	
City, State, Zip	
Phone	

GC	
Contact Name	
Email Address	
Address	
City, State, Zip	
Phone	

Subcontractor	
Contact Name	
Email Address	
Address	
City, State, Zip	
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Subcontractor	
Contact Name	
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Email Address	
Address	
City, State, Zip	
Phone	

Subcontractor	
Contact Name	
Email Address	
Address	
City, State, Zip	
Phone	
Phone	

Subcontractor	
Contact Name	
Email Address	
Address	
City, State, Zip	
Phone	
Phone	

Section 3 Hours Worked

Company Name Project Name

Company Address City State Zip

Contact Name for Section 3 Phone Email Address

Pay Period _____ to _____

Section 3 established benchmark goals for (a) 25% of total labor hours worked by Section 3 workers, and (b) 5% of total labor hours worked by Targeted Section 3 workers.

A. Section 3 Hours Worked Per Pay Period

Employee Name	Total labor hours Employee worked at Project during Pay Period	Employee is a Section 3 worker (Yes/No)	Employee is a Targeted Section 3 worker (Yes/No)
Total for Pay Period	0.00		

B. Section 3 Cumulative Report For Project/Program Year

Employee Name	Total labor hours Employee worked at Project during Project Completion	Employee is a Section 3 worker (Yes/No)	Employee is a Targeted Section 3 worker (Yes/No)
Total for Project	0.00		

Signature

Date

**Additional Reporting if Section 3 Benchmarks are not met upon project completion
(24 CFR 75.25(b))**

If the Subrecipient/Contractor's reporting indicates the Section 3 benchmarks have not been met, the Subrecipient/Contractor must report on the nature of activities pursued in the absence of not meeting Section 3 benchmarks. In the absence of not meeting Section 3 benchmarks, the Subrecipient/Contractor made efforts including (check all that apply and provide documentation of effort(s)):

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provided training or apprenticeship opportunities.
- Provided technical assistance to help Section 3 workers compete for jobs (*e.g.*, resume assistance, coaching).
- Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Held one or more job fairs.
- Provided or referred Section 3 workers to services supporting work readiness and retention (*e.g.*, work readiness activities, interview clothing, test fees, transportation, child care).
- Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.
- Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
- Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

____ Other, please describe: _____

By signing this document, as an authorized employee of the Subrecipient/Contractor, I certify the above efforts are true and accurate to the best of my knowledge and belief.

Subrecipient/Contractor Signature

Date